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COMMERCE AND INDUSTRY INVENTORY

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SUMMARY FINDINGS

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The Commerce and Industry Inventory: First in an Annual Series

The Department of City Planning's recently issued *Commerce and Industry Inventory* is a compilation of economic data from a wide variety of sources, including the U.S. Census, the State of California Employment Development Division, The State of California Equalization Board, the San Francisco Bureau of Building Inspection and the San Francisco Department of City Planning. The report describes the San Francisco economy over the last twenty years. It compiles sometimes disparate data in consistent formats so that, over time, the dynamics of the economy can be examined. Levels of employment, number of establishments, aggregate wages and proprietors' income, business revenues, city revenues, numbers of building permits, and land use

and zoning are examined. This first *Commerce and Industry Inventory* establishes a framework to be followed and refined in subsequent years.

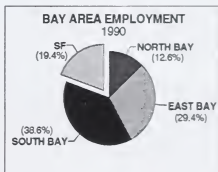
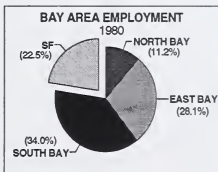
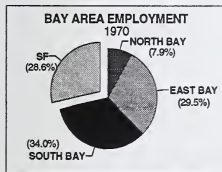
Jobs in San Francisco Increased Faster than Population, Slower than Regional Jobs

Since the 1950s the resident population of San Francisco has remained fairly stable, at around 700,000 people. Over the last 20 years, however, employment in San Francisco has grown by more than 30%, reaching 582,000 employees in 1990. Although there has been growth in the San Francisco labor force (residents of working age), most of the job growth accommodates employees who live outside of San Francisco

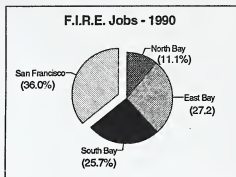
and commute into the City. Nonetheless, most regional employment growth has not occurred in San Francisco. During this same period, employment in the rest of the Bay Area grew by almost 160%, from 940,000 to 2.4 million jobs. All of the region's population growth has occurred outside of San Francisco, as has most of the employment growth.

Employment densities in San Francisco are among the highest in the nation and are much higher than the regional average. There are 427 employees per square mile in the Bay Area, 12,131 per square mile in San Francisco, and 186,099 employees per square mile in the Financial District.

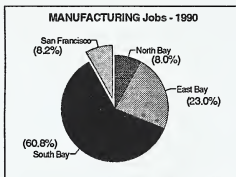
There are some kinds of employment which are much more likely to be located in San Francisco than elsewhere in the region. Finance, insurance and real estate (often called F.I.R.E.) is the economic activity most concentrated in San Francisco, with 36% of all regional



F.I.R.E. jobs located here. This concentration has lessened over time (although the absolute number of F.I.R.E. jobs in San Francisco increased between 1975 and 1990). In 1975, 50% of the region's F.I.R.E. jobs were in San Francisco.



Manufacturing jobs are least likely to be located in the City; 8% of the region's manufacturing jobs are in San Francisco; 61% are in the South



Bay. San Francisco was the only subregion that experienced absolute declines, of at least 15%, in the number of jobs in three sectors: manufacturing, wholesale trade, and transportation. Regional jobs in these sectors increased by at least 21%.

Employment and wages in all sectors grew much faster in the 1970s than in the 1980s, reflecting nationwide economic trends.

An examination of San Francisco business establishments shows that 87% of them have fewer than 20 employees. An examination of San

applications and zoning), an additional Activity, Residential, is used.

Most San Francisco Employees Work for Mid-sized Businesses

Francisco employees shows that 50% of all employees work in medium-sized establishments, those with more than ten but fewer than 250 employees.

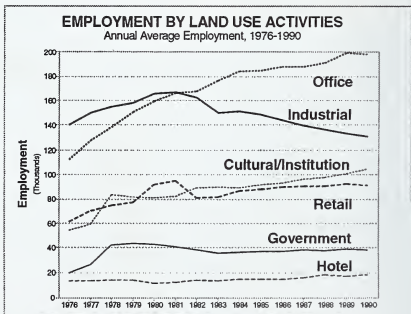
A growing number of those who work in San Francisco are self-employed. They may or may not have employees. The proportion of personal income earned in San Francisco by the self-employed grew from 7% to 12% of total personal income during the 1980s. ■

The Commerce and Industry Inventory uses "Land Use Activities," economic activities grouped according to how they tend to use land in San Francisco. Land Use Activity categories are Office, Industry, Retail, Hotels, Cultural/Institutional. When appropriate (building permit

The two dominant land use activities in San Francisco are Office and Industry. In 1976, 35% of all employment (140,000 jobs) was in Industry, 28% (112,000 jobs) was in Office. Between 1976 and 1990, office employment increased by about 77%, while industrial employment declined by about 7%.

Office jobs exceed industrial jobs in the 1980's, but industrial employment remains the 2nd largest source of jobs

By 1990, office activities accounted for 34% of total employment (198,000 jobs). Perhaps surprisingly, industrial activities (which include manufacturing, wholesale, transportation, construction) still remain the second largest source of



San Francisco employment, with 23% of total employment (131,000 employees). Office employees earned a total of \$7.4 billion in wages, an increase of 115% over 1976 wages (adjusted for inflation). Industrial employees earned a total of \$4.7 billion, a decrease of 16%. The City-wide increase in wages was 42%.

The largest of the Office uses are "business services" and "F.I.R.E." (finance, insurance and real estate). These two

groups comprise the majority of all office establishments. In 1972, F.I.R.E. employed about

63,000 people, and business services about 40,000. F.I.R.E. employment increased at a slower rate than business services, and actually decreased during 1980s. Business services have provided more employment than F.I.R.E. since 1985. Business services provided about 106,000 jobs in 1990.

Apparel, Printing and Publishing, Construction are the Most Significant Industrial Activities

In spite of the decline in industrial employment between 1972 and 1990, the number of jobs in some industrial sectors increased. Apparel manufacturing employment increased by 57%, (from 9,000 to 14,000 jobs) and the number of jobs in construction increased 33% (from 12,000 to 16,000 jobs). Printing and publishing, and apparel manufacturing had the largest value added through manufacture, representing more

than 50% of the total manufacturing value added.

RESTAURANT EMPLOYMENT INCREASES DRAMATICALLY

Retail employment (which includes restaurants/bars, specialty stores, large retail establishments and retail personal services such as repair stores), represents 91,000 jobs in 1990, about 16% of all San Francisco jobs. This percentage has not changed substantially since

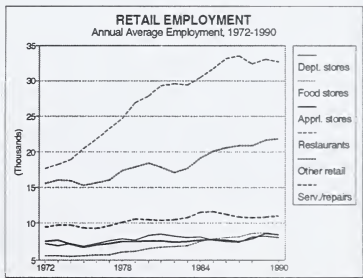
1972, about 18,000 people were employed in restaurants (28% of all retail employment); by 1990 there were about 33,000 restaurant jobs (36% of all retail employment). Employment in other kinds of retail establishments grew much more slowly. In 1987, restaurants represented 30% of retail establishments (2,600 establishments), and 20% of total retail sales. Hotels employ about 18,000 people, about 3% of all San Francisco employment. In 1972, about 2% of San Francisco jobs were in hotels.

The Retail and Hotel sectors are the parts of the San Francisco economy most closely associated with tourism (although they clearly serve residents as well). These two sectors, combined, accounted for 109,000 jobs in 1990, or 19% of all San Francisco jobs. This is fewer jobs than either Office uses or Industrial uses provide.

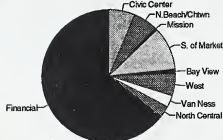
Both retail and hotel uses experience much more volatile rates of change from year to year than do the larger, more stable office and industrial categories.

1984, although the number of retail jobs has grown as the number of San Francisco jobs has increased. In 1982, there were about \$4.1 billion in retail sales in San Francisco, by 1987 this had increased to \$5.5 billion.

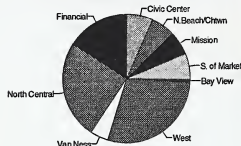
The mix of retail employment has changed dramatically over time. In



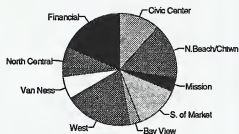
OFFICE ACTIVITY



CULTURAL/INSTITUTIONAL ACTIVITY



RETAIL ACTIVITY



Retail, Cultural and Institutional activities are more spread throughout the city than other activities, rather than being concentrated in one or a few districts. Less than 18% of all Retail jobs are located in any one district. Office employment is the most concentrated activity: 64% of all office jobs are located in the Financial District.

The highest rate of employment growth from 1976 to 1990 was in Cultural and Institutional activities, which include health, educational and social services as well as

Cultural and Institutional Activities Expand

entertainment and artistic activities. This category includes some very large institutions like hospitals and schools, and many non-profit establishments. Employment in this activity increased by 93% between 1976 and 1990. Wages in this activity grew by 103%, second to Office in growth of wages. Construction projects undertaken by establishments engaged in this activity had the highest average construction cost (\$278,000). The average cost for all projects was \$41,000.

GOVERNMENT EMPLOYMENT STABLE DURING 1980s

After an increase in the 1970s, overall Government employment did not change substantially during the 1980s. There was a

change in the composition of the government labor force, however, with an increase in state and local government and a decrease in federal government employment.

City revenues increased from \$823 million in 1981 to \$1.469 billion in 1990. Adjusted for inflation the increase was 26%. The largest sources of City revenues were property taxes and grants and subventions from other levels of government, although the relative sizes of these revenue sources changed over the 1980s. In 1981, 23% of City revenues came from property taxes; in 1990 this share had risen to 31%. In 1981, 40% of revenues came from grants and subventions; in 1990 this share had fallen to 30%.

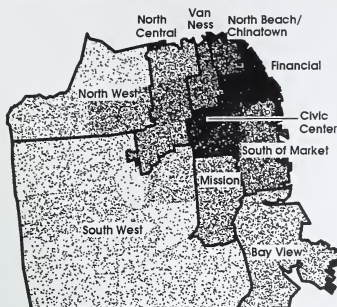
In 1990, 36% of City expenditures went for public protection, the largest category, which has remained stable since 1981. The next largest category is human welfare and neighborhood development, which declined from 30% of total expenditures in 1981 to 22% in 1990. ■

Types of Jobs and Construction Vary Between Districts

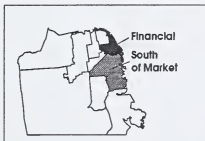
The *Commerce and Industry Inventory* defines ten "Commerce and Industry Districts" which are cohesive areas with similar economic characteristics. The district's boundaries correspond to Zip Codes because much economic information is available by Zip Codes. The *Inventory* uses these districts to describe the distribution of jobs, businesses, building permits and land use within the city.

Fifty-five percent of San Francisco jobs are in only two districts: the Financial District and South of Market (which includes Mission Bay, the northern end of the Mission district and Potrero Hill). Employment density in the Financial district is around 186,000 jobs per square mile, almost 100 times the density in the outlying districts.

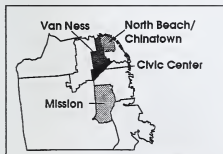
SAN FRANCISCO EMPLOYMENT DISTRIBUTION, 1987



The Financial District is dominated by office employment: 61% of its jobs in 1987 were office jobs. Sixty-eight percent of all 1990 building permit applications (for new buildings or alterations to existing buildings) in the Financial District were for office projects. The Financial District is the only district in which the large majority of building permit applications was not for residential uses. Forty-eight percent of 1987 South of Market jobs were in industry, while 27% were in offices. Thirty-two percent of 1990 building permit applications in the South of Market were for residential projects; the next largest source of applications was office projects.



The employment density in the districts surrounding the Financial District is much lower: about 13,000 jobs per square mile. The districts surrounding the core tend to have more varied activities; usually no more than a third of their jobs are in any single activity. In the Civic Center, 33% of 1987 jobs were office jobs, reflecting the district's government focus; only 7% of jobs were in industry. The second largest source of 1990 Civic Center building permit applications (after residential at 44%) was retail, with 17%



of applications. Thirty-five percent of Mission District jobs were industrial. The second largest source of 1990 building permit applications in the Mission (after residential at 79%) was retail, with 9% of applications.

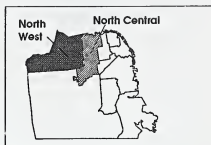
HALF OF SAN FRANCISCO'S LAND ZONED RESIDENTIAL AND FOUR PERCENT COMMERCIAL

Fifty-nine percent of San Francisco's 30,000 acres are zoned residential: 55% of this area is in the South West district. 1,200 acres (4% of the City) are zoned commercial. Almost 70% of this area is located in the four districts in the northeastern part of the city. Neighborhood commercial zoning, which represents 6 percent of the total city area, is very dispersed throughout the city. Ninety-four percent of the 3,500 acres (12% of the City's total land) zoned industrial is located in the South of Market and Bay View districts. The remaining 5,900 acres, representing almost 20% of total land, is in Public use.

LARGEST AMOUNT OF BUILDING INVESTMENT IN THE FINANCIAL DISTRICT, BUILDING PROJECTS CONCENTRATED IN SOUTH WEST

In 1990, almost 30 percent of the construction cost of new projects was located in the Financial district, 21 percent in South West and 17 percent in South of Market. Because construction projects in the Financial District and South of Market tend to be more expensive than those in the outlying districts, the distribution building permit applications was different: 41% of building permits applications were in the South West district, 15% in the North Central, and 12% in the North West.

North Beach/Chinatown had 33% of its jobs in retail, reflecting its identity as a regional shopping and restaurant center. Van Ness was a close second, with almost 33% of its jobs in retail; 31% were in office uses. In both of these districts, applications for retail building projects were the largest group after housing.

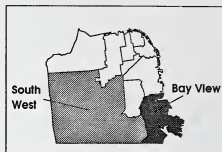


The North Central district (which includes several mixed-use and residential neighborhoods including the Marina, eastern Pacific Heights, the Western Addition, and the Haight-Ashbury) includes a number of hospitals and educational institutions. As a result 51% of its 1987 jobs were in the Cultural/

Institutional category. Similarly, the North West (which includes the Richmond District and Laurel Heights) had 51% Cultural/Institutional employment. Both of these districts have large retail sectors, which supplied about 25% of their jobs. In each of these districts over 84% of 1990 building permit applications were for residential projects.

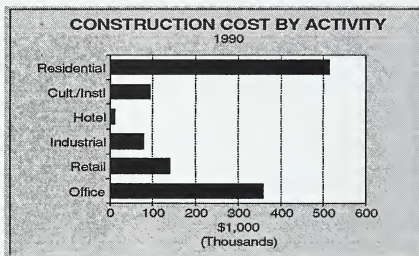
The employment density in the outlying residential areas is about 2,000 per square mile. The Bay View district is the most specialized of any district; 67% of its 1987 jobs were in Industry. Sixteen percent were in retail. Sixty-nine percent of 1990 building permit applications were for housing, 9% (the next largest category) were for industrial projects.

The South West District (which includes the Sunset, West of Twin Peaks, Parkside, Ingleside, Excelsior Districts) contains many largely residential areas, resident-serving commercial uses, a regional



shopping center, and some prominent institutions including City College and San Francisco State University. Thirty-two percent of its 1987 jobs were Cultural/Institutional. Retail uses provided 35% of this district's jobs, making it the district with the highest proportion of its jobs in retail. Eighty-five percent of all South West District building permit applications in 1990 were for residential projects. ■

MOST BUILDING PROJECTS ARE MAINLY RESIDENTIAL



Residential projects represent the majority of all building permit applications (72%) and the largest source of building investment (43%). The average construction cost for residential projects is \$24,000, the lowest of the Land Use Activities, perhaps because of the large proportion of alteration and remodeling projects. In 1990, \$515 million was spent on Residential construction compared to \$359 million for Office and \$140 million for Retail. Except for the Financial, Civic Center and South of Market districts, in every district more than half of the number and the cost of new projects was devoted to residential projects.

